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COPY NO.

OPERATIONS COORDINATING BOARD
Washington 25, D. C.

October 28, 1954

MEMORANDUM FOR THE BOARD ASSISTANTS

SUBJECT: Recommended Revisions of Various Far East NSC Policies
as a Result of Developments and Experience in the
Implementation of these Policies

NSC REVIEW
COMPLETED,
10/31/03

The attached subject paper, transmitted for Board Assistants' approval on behalf of their principals at the November 5 meeting, was prepared in accordance with the agreement with General Cutler that "in connection with the NSC Planning Board review of the Far East country papers to revise them in accordance with NSC 5429/2, the working groups should report any changes in those policies required as a result of developments and experience in the implementation of those policies to the OCB Executive Officer by October 12, 1954, for consideration by the Planning Board".

In view of the delay in submitting this material by the working groups and the fact that the Far East country papers are already under review, I propose that the various working group members make this information available to their respective Planning Board representatives on an informal basis for such use as it may serve in connection with current discussions in the Planning Board on revision of NSC papers on the Far East.

This paper is based on reports from the OCB Working Groups on Japan, Formosa and Nationalist China, Korea, Indonesia, Southeast Asia and the Philippines.

Elmer B. Staats

Elmer B. Staats
Executive Officer

Attachment:

Subject Paper dated 10/28/54

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Recommended Revisions of Various Far East NSC
Policies as a Result of Developments and
Experience in Implementation of those Policies.

1. Japan (NSC 125/2 and 125/6)

In the light of operating experience, the OCB has already recommended complete review of NSC 125/2 and 125/6. (OCB Progress Report on 125/2 and 125/6, para. 6, dated October 27, 1954).

2. Nationalist China (NSC 146/2)
Communist China (NSC 166/1)

a. NSC 146/2 and NSC 166/1 (paras. 5 g, h, i) policy review by the OCB Working Group has been delayed pending approval of Section I of NSC 5429/2.

b. Allocation of responsibilities to OCB Working Groups would be facilitated by having NSC 166/1 superseded by the approval of Part I of NSC 5429/2 and by appropriate revisions, as necessary, in other existing Far East NSC country papers.

3. Korea (NSC 170/1)

Paragraph 10 of NSC 170/1 states that the U.S. should "...tie the Republic of Korea into the U.S. security system and develop it as a military ally". Except for possible explicit reference to the need to develop better relationships between the ROK and Japan, a policy already being pursued, it appears that there is no need to make changes in NSC 170/1.

4. Indonesia (NSC 171/1)

No changes in NSC 171/1 are required.

5. Southeast Asia (NSC 5405)

It is assumed that the portions of NSC 5429/2 pertaining to Indochina supersede the portions of NSC 5405 pertaining to Indochina. No further revisions are necessary in NSC 5405.

6. The Philippines (NSC 5413/1)

It is desirable to supplement and it may be found necessary to modify statements of policies, programs and actions respecting the Philippines to take into account (1) policies in NSC 5429/2 and (2) developments and experience in the implementation of this policy, particularly (a) the outcome of discussions with the Philippine Government and negotiations during the meeting in Manila of the US-Philippine Council established pursuant to provisions in the Mutual Defense treaty on the subject of the strength of the Philippine military establishment and (b) the fact that the Philippine Government is a signatory to the Southeast Asia Security Pact concluded in Manila in September. For a detailed development of these considerations, see Annex A attached.

Attachment:

Recommended Revision of
NSC 5413/1 (Philippines)

Recommended Revision of NSC 5413/1
(Philippines) as a Result of Develop-
ments and Experience in Implementation
of Policy

(Headings are those of NSC 5413/1)

General Considerations

The last two sentences of Paragraph 4 under General Considerations in NSC 5413/1 have been overtaken by (1) the passage of legislation approved July 5, 1954, deferring until January 1, 1956, imposition of tariffs on a reciprocal basis and (2) the beginning on September 20 of consultations with a Philippine delegation in Washington on possible modification of the 1946 trade agreement. The revision can be made by stating that Congress passed the legislation for deferment and that the consultations are in progress.

Paragraph 7 on external threats to the Philippines in the portion of NSC 5413/1 headed General Considerations could be expanded by mention of Philippine participation in the Manila Pact and of establishment of the US-Philippine Council pursuant to the Mutual Defense treaty to provide machinery for consultations under Article 3 of the treaty. The last part of paragraph 7 of NSC 5413/1 states that although an increase in the combat effectiveness of Philippine military forces would be advisable, no appreciable increase in the present level of such forces would be advisable under current conditions in view of the present projected economic development program in the Philippines. It is suggested that this statement be reviewed to assure consistency with paragraph 2 b of NSC 5429/2 which calls for an increase in the military strength of the Philippines and paragraph 2 c which calls for related economic assistance if the agreed level of military strength is beyond the capacity of the local government economy to support.

Objectives. The statement in NSC 5413/1 is considered currently applicable and sufficiently comprehensive.

Courses of Action

Paragraph 1 b of NSC 5429/2 calls for an increased effort to develop political, economic and military strength in non-Communist Asian countries. The policies and actions respecting the Philippines called for in NSC 5413/1 in general require continued rather than increased efforts of this kind. Since the Philippines are already

politically oriented toward the free world, it is suggested that if an intensification of effort as distinct from continuation of effort is required in the Philippines it may be more productive in the economic and military fields than in the political field. In this connection it is considered that the fulfillment of the program of increased military assistance offered the Philippines at the US-Philippine Council meeting on September 4, 1954, will constitute substantial implementation of the policy statement contained in paragraph 2 b of NSC 5429/2 in the military field.

Economic

Paragraph 2 a of NSC 5429/2 calls for an increase in the strength of the off-shore island chain and, to that end, economic assistance, related to military strength, to the governments where the agreed level of indigenous military strength is beyond the capacity of the local economy to support. If an effort to increase the military strength of the Philippines is undertaken to an extent which will strain the economy of the islands, additional economic aid may be necessary. Paragraphs 25-29 of NSC 5413/1 which outline courses of action in economic affairs should be reviewed to assure that they contain authority for such additional economic aid if it becomes necessary to extend it to the Philippine Government.

Paragraph 4 of NSC 5429/2 calls for measures to increase opportunities for free Asian countries to trade with each other and with other free world countries. Paragraphs 25-29 of NSC 5413/1 should be expanded to call for feasible measures of this nature in the Philippines.

Paragraph 3 of NSC 5429/2 calls for encouragement of prompt organization of an economic grouping of free Asian states to achieve economic and social strength. It is suggested that there be included among the courses of action set forth in NSC 5413/1 a paragraph calling for actions which will encourage the Philippines to participate in such a grouping and cooperate with other governments in achieving greater strength by united action.

Military

Paragraph 2 b of NSC 5429/2 calls for an increase in the military strength of the Philippines. This suggests the desirability of modifying paragraph 30 of NSC 5413/1 to bring it into consonance with paragraph 2 b of NSC 5429/2 since paragraph 30 of NSC 5413/1, as it now stands, calls for maintaining the Philippine armed forces at approximately present levels.

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As a result of Philippine requests for additional military aid to increase the size and effectiveness of the Philippine armed forces, the US at the US-Philippine Council meeting September 4, 1954, expressed a willingness to provide increased support for Philippine ground forces and to give further consideration to Philippine proposals for development of the Philippine Navy and Air Force. This further suggests that a change in the statement of policy which calls for maintaining the Philippine armed forces at present levels is desirable.

Political

Paragraph 2 d of NSC 5429/2 requires encouragement of conditions conducive to a Western Pacific collective defense arrangement which will include the Philippines, Japan, China and Korea and will eventually be linked with the Southeast Asia security structure and ANZUS. It seems desirable to expand the political or military courses of action in NSC 5413/1 to take this policy into account. An appropriate place might be after paragraph 17 which calls for encouragement of closer relations among non-Communist Asian nations and the emergence of the Philippines under Magsaysay as a major force in the creation of a cooperative community.

Paragraph 2 e of NSC 5429/2 calls for an intensification of [redacted] actions to strengthen the orientation of the Philippines and other countries of the off-shore island chain toward the free world. Paragraph 24 of NSC 5413/1 requires continued [redacted] in support of US objectives. No basic change in policy as a result of the word "intensify" in paragraph 2 e of NSC 5429/2 seems required.

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